



Testimony to the Finance, Revenue and Bonding Committee

April 6, 2016

By Leslie Simoes, Executive Director

HB 7038 AN ACT CONCERNING THE ESTABLISHMENT OF TAX-FREE ACCOUNTS TO PROVIDE FOR DISABILITY RELATED EXPENSES PURSUANT TO THE FEDERAL ACHIEVING A BETTER LIFE EXPERIENCE ACT

Good Morning Senator Fonfara, Representative Berger, and distinguished members of the Finance, Revenue and Bonding Committee. Thank you for the opportunity to testify today.

My name is Leslie Simoes and I am the Executive Director of The Arc Connecticut, a 62-year old advocacy organization committed to promoting and protecting the basic civil basic rights of people with intellectual and developmental disabilities (I/DD) and to promoting opportunities for their full inclusion in the life of their communities.

The Arc Connecticut is fully committed to and strongly in favor of [Raised Bill 7038 AN ACT CONCERNING THE ESTABLISHMENT OF TAX-FREE ACCOUNTS TO PROVIDE FOR DISABILITY RELATED EXPENSES PURSUANT TO THE FEDERAL ACHIEVING A BETTER LIFE EXPERIENCE ACT](#) otherwise known as the ABLE Act. On behalf of our organization and families across the state, I would like to acknowledge and thank I/DD Caucus member Representative Gail Lavielle from the 143rd District for raising this bill and for her advocacy and strong commitment to people with Intellectual & Developmental Disabilities and their families.

Achieving a Better Life Experience Act (ABLE) Act was signed into law on December 19, 2014 after many years of advocacy and bipartisan work in both the US House and Senate. The law if implemented in Connecticut will give families with children and adult children with intellectual and developmental disabilities tools to plan for the future. Allowing eligible individuals with disabilities the ability to establish "ABLE accounts" that resemble the qualified tuition programs, often called "529 accounts" while protecting eligibility for Medicaid, Supplemental Security Income, and other important federal benefits will make a dramatic difference in the lives of people with disabilities.

Without these accounts, many people with disabilities have very limited avenues to save and allow for further independence.

The federal law intends ABLE accounts to be easy to open and each state will need to take action to make the accounts available to its residents. The Arc urges the passage of this bill and looks forward to working with the legislature, the administration including the treasurer's office to make this important federal opportunity a reality for Connecticut families and individuals with disabilities.

Important Facts about The ABLE Act:

Assets in an ABLE account and distributions from the account for qualifying expenses would be disregarded or receive special treatment when determining the beneficiary's eligibility for most federal means-tested benefits. Key Characteristics of ABLE Accounts:

- An eligible individual may have one ABLE account, which must be established in the state in which he resides (or in a state that provides ABLE account services for his home state).

- Any person, such as a family member, friend, or the person with a disability, may contribute to an ABLE account for an eligible beneficiary.

- An ABLE account may not receive annual contributions exceeding the annual gift-tax exemption (\$14,000 in 2015). A state must also ensure that aggregate contributions to an ABLE account do not exceed the state-based limits for 529 accounts.

- Eligibility - An eligible individual is a person (1) who is entitled to benefits on the basis of disability or blindness under the Supplemental Security Income (SSI) program or under the Social Security disability, retirement, and survivors program OR (2) who submits certification that meets the criteria for a disability certification (to be further defined in regulations). An eligible individual's disability must have occurred before the age 26.

- Designated Beneficiary - The eligible individual who established the ABLE account and who is the owner of the account is the "designated beneficiary".

- Qualified disability expenses are any expenses made for the benefit of the designated beneficiary and related to his/her disability, including: education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses, which are approved by the Secretary of the Treasury under regulations.

- Tax treatment - Earnings on an ABLE account and distributions from the account for qualified disability expenses do not count as taxable income of the contributor or the eligible beneficiary. Contributions to an ABLE account must be made in cash from the contributor's after-tax income.

- Roll-Overs - Assets in an ABLE account may be rolled over without penalty into another ABLE account for either the designated beneficiary (for instance, when moving to another state) or any of the beneficiary's qualifying family members.

Thank you for your time and consideration.

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